

**Tanana Power Company, Inc.**  
**Cost of Power Adjustment (COPA)/Small Facility Power Purchase Rate(SFPPR)/**  
**Power Cost Equalization (PCE)**  
**Update Memorandum**

Date: **August 19, 2021**

Utility Name (Cert. No.) <b>Tanana Power Company, Inc.</b>	Utility File No. <b>TA173-92</b>	Date Filed: <b>July 15, 2021</b>
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FILING SUMMARY					
Statutory Deadline: August 30, 2021	Tariff Sheets recommended for approval: Tariff Sheet No. 86                      Filed on July 15, 2021 Tariff Sheet No. 87                      Filed on July 15, 2021 Tariff Sheet No. 80                      Filed on July 15, 2021			Staff Recommended Effective Date: August 30, 2021	
Side-by-side Tariff Sheets attached as Appendix 4					
COPA SUMMARY					
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)		
TA172-92              6/1/2021	\$                      0.0811	\$                      0.1444	\$                      0.0633		
SFPPR SUMMARY					
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)		
TA172-92              6/1/2021	\$                      0.1772	\$                      0.2191	\$                      0.0419		
PCE SUMMARY					
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)		
U-21-019(2)              7/1/2021	0.2787	0.3389	0.0602		

Signed:

*Keiba Kimp*  
Keiba Kimp

Utility Tariff Analyst

**Reasons for the above recommendation: See Attached Memorandum**

	Date, if different from 8/19/2021	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT*
Pickett		<i>RMP</i> RMP		
Kurber		<i>KKL</i> KKL		
Scott		<i>AGS</i> AGS		
Sullivan		<i>DS</i> DS		
Wilson		<i>JWW</i> JWW		

Special Instructions to Staff:

\* If this column is initialed, Staff will contact the Commissioner for the statement. Otherwise, dissent will be noted at the close of the By Direction Letter or Order.

**Tanana Power Company, Inc.**  
**COPA/SFPPR/PCE**  
**Update Memorandum**

To: Robert M. Pickett, Chair  
Keith Kurber II  
Antony Scott  
Daniel A. Sullivan  
Janis W. Wilson

Date: August 19, 2021

File: TA173-92

Utility: Tanana Power Company, Inc.

From: Keiba Kimp

Subject: COPA, SFPPR, PCE

COPA Comments:

Staff reviewed this tariff filing to ensure compliance with applicable regulations (3 AAC 48.200-3 AAC 48.430). Staff also reviewed proposed tariff sheets to ensure the stated text is easily understood, and the tariff provisions clearly and comprehensively describe and address the situation to which the tariff provision applies. Proposed revisions to COPA rates are reviewed under 3 AAC 52.504, which requires information supporting entries in the balancing account for the historical period, and support for projections for the future period.

Staff Notes:

The projected fuel costs increased from \$41,834 to \$51,389. The balancing account balance increased from \$2,209 to \$7,210. The projected kWh sales decreased from 236,125 kWh to 234,540 kWh. The upward pressure from the increase in the balancing account balance, the decrease in kWh sales, and increase in fuel costs results in an increase in TPC's COPA surcharge from \$0.0811/kWh to \$0.1444/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 86, filed July 15, 2021, by Tanana Power Company, Inc. with TA173-92. The effective date of the tariff sheet should be August 30, 2021.

SFPPR Comments:

TPC's tariff provides that the rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent quarter, updated to reflect the current price of fuel, plus the variable O&M expense and energy portion of purchased power expense for the same period, divided by the number of kWh sold in the most recent quarter.

Staff Notes:

TPC proposes an SFPPR of \$0.2191/kWh. This is an increase of \$0.0419/kWh from the previously approved SFPPR of \$0.1772/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 87, filed July 15, 2021, by Tanana Power Company, Inc. with TA173-92. The effective date of the tariff sheet should be August 30, 2021.

PCE Comments:

Proposed adjustments to PCE amounts are evaluated under 3 AAC 52.600-690. Each participating regulated electric utility is required to submit revised PCE amounts in conjunction with COPA surcharge adjustments. The utility must provide information supporting the request for the PCE amount revision. Adjustments will be made to the PCE amounts if the utility does not achieve the generation efficiency and line loss standards set out in 3 AAC 52.620. If a utility fails to meet the generation efficiency standards (kWh/gallon), Staff will impute the number of gallons that should have been consumed. Because 3 AAC 52.610(f) provides no guidance on the method of imputing the number of gallons that should have been consumed, Staff uses on the method prescribed for non-regulated utilities in 3 AAC 52.610(g)(1)(B). Staff reviews the line loss for each reported month to determine if the 12% line loss standard has been met; if it has not, Staff reviews the annual line loss. If Staff determines that both the monthly and annual line loss standards have not been met Staff will impute the number of kWh that should have been sold. The resulting imputed sales and/or generation is then used to calculate an adjusted balancing account balance which is used in determining the total fuel power costs used in the calculation of the PCE amounts.

Staff Notes:

Staff notes that TPC met the generation efficiency levels and line loss standards set out in 3 AAC 52.620. TPC proposes a \$0.0600/kWh increase in its PCE amount from \$0.2789kWh to \$0.3389kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 80, filed July 15, 2021, by Tanana Power Company, Inc. with TA173-92. The effective date of the tariff sheet should be August 30, 2021.

**Tanana Power Company, Inc.**  
**Calculation and Comparison of 500 kWh Bill**  
**TA173-92**

Customer Bills	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Surcharge (\$/kWh)	\$0.0811	\$0.1444	\$0.0633
PCE (\$/kWh)	\$0.2787	\$0.3389	\$0.0602
<b>500 kWh Customer Bill</b>			
Energy @ \$0.5693/kWh for the first 200 kWh, \$0.5372/kWh for the next 200 kWh, and \$0.4909/kWh for over 400 kWh	\$270.39	\$270.39	\$0.00
Customer Charge	\$0.00	\$0.00	\$0.00
Regulatory Cost Charge @ \$0.000884/kWh	\$0.44	\$0.44	\$0.00
Surcharge Amount (\$)	\$40.55	\$72.20	\$31.65
PCE Credit Amount (\$)	(\$139.35)	(\$169.45)	(\$30.10)
Total Customer Bill (\$)	\$172.03	\$173.58	\$1.55

**Tanana Power Company, Inc.**  
**Cost of Power Adjustment Amount**  
**TA173-92**

Calculation of Cost of Power Adjustment			
Line	Description	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)
A	Estimated Per Unit Fuel Cost	\$2.2245	\$2.8610
B	Estimated Fuel Consumption	18,806	17,962
C	Total Estimated Fuel and Power Costs (A*B)	\$41,834	\$51,389
D	Balancing Account Balance	\$2,209	\$7,210
E	Total (C+D)	\$44,043	\$58,599
F	Estimated Retail Sales	236,125	234,540
G	Projected Cost of Power (E/F)	\$0.186524	\$0.249847
H	Base Cost of Power	\$0.105428	\$0.105428
I	Cost of Power Adjustment Amount (G-H)	\$0.0811	\$0.1444

Comments	

Costs			
	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Per Unit Fuel Cost	\$2.2245	\$2.4167	\$0.1922
Total Fuel Cost	\$58,334.21	\$48,637.03	(\$9,697.18)
Balancing Account	\$2,209.00	\$7,209.83	\$5,000.83

Revenues			
	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Sales	328,131	254,893	(73,238)
Surcharge Revenues	\$11,126.96	\$16,763.72	\$5,636.76
Base Cost Revenues	\$34,594.20	\$26,872.86	(\$7,721.34)

**Signature:** 

**Email:** bob.pickett@alaska.gov

**Signature:**   
Keith Kurber II (Aug 19, 2021 08:49 AKDT)

**Email:** keith.kurber@alaska.gov

**Signature:** 

**Email:** antony.scott@alaska.gov

**Signature:**   
Daniel Sullivan (Aug 19, 2021 10:48 AKDT)

**Email:** daniel.sullivan@alaska.gov

**Signature:**   
Janis W. Wilson (Aug 19, 2021 10:56 AKDT)

**Email:** janis.wilson@alaska.gov

**Tanana Power Company, Inc.**  
**POWER COST EQUALIZATION**  
TA173-92

Calculation of Power Cost Equalization		
Line	Description	Updated Commission Determination (\$/kWh)
A	Non-Fuel Power Costs	0.3072
B	Fuel Power Costs	0.1865
C	Total Power Costs	0.4937
D	Total Costs Less \$0.2003/kWh	0.2934
E	95% of Total Power Costs	0.2787
F	Statutory Maximum [(1-0.2003)*0.95]	0.7597
G	Lesser of E or F	0.2787
H	Customer Class Rate	
	Res./Sm. Comm./Stand-by	0.4858
	Street & Yard Lighting	0.5160
	Community Facilities	
	Commercial Over 1,000 kWh	0.4115
	Commercial Next 10,000 kWh	0.3935
	Commercial Over 20,000 kWh	0.3678
I	Power Cost Equalization - Lesser of G or H	
	All Customers	0.2787
J	Power Cost Equalization - After Reduction	100%
	All Customers	0.2787

Amendment to Allowable Costs		
Line	Description	Amount
1	NON-FUEL COSTS - U-99-117	
2	Allowable Non-Fuel Cost	\$ 445,123
3	Twelve Month Total kWh Sales	1,453,185
4	Regulatory Cost Charge	\$ 0.000884
5	Total Non-Fuel Power Costs	0.3072
6	FUEL COSTS	
7	Current Fuel Price	\$ 2.8610
8	Estimated Fuel Consumption (gallons)	17,962
9	Estimated kWh Sales (kWh)	234,540
10	Balancing Account Balance	\$ 7,209.83
11	Total Fuel Power Costs	0.2498
Surcharge Calculation		
Line	Description	Amount
1	Total Estimated Fuel Power Costs	51,389.28
2	Balancing Account Balance	7,210
3	Total	58,599
4	Estimated Retail Sales	234,540
5	Projected Cost of Power	0.249847
6	Base Cost of Power	0.10543
7	Surcharge	0.1444

Calculation of Average Customer Class Rate per kWh									
Line	kWh (by Block)	Rate (\$/kWh)	Customer Charge	COPA Surcharge (\$/kWh)	RCC (\$/kWh)	Total Rate (\$/kWh)	Total (\$)	Average Rate (\$/kWh)	Average Rate Less \$0.2003/kWh (\$/kWh)
1	Res./Sm. Comm./	0.5693	-	0.1444	0.000884	0.7146	142.92		
2	Res./Sm. Comm./	0.5372	-	0.1444	0.000884	0.6825	136.50		
3	Res./Sm. Comm./	0.4909	-	0.1444	0.000884	0.6362	63.62		
4	Res./Sm. Comm./						343.04	0.6861	0.4858
5	Street & Yard Lighting - Assuming 500 kWh		357.98	0.1444	0.000884	0.1453	358.13	0.7163	0.5160
6	Community Facilities								
7	Commercial Over 1,000 kWh	0.4665	-	0.1444	0.000884	0.6118	305.90	0.6118	0.4115
8	Commercial Next 10,000 kWh	0.4485	-	0.1444	0.000884	0.5938	296.90	0.5938	0.3935
9	Commercial Over 20,000 kWh	0.4228	-	0.1444	0.000884	0.5681	284.05	0.5681	0.3678

RCA No. 92 132nd Revision Sheet No. 80  
Canceling  
131st Revision Sheet No. 80

Tanana Power Company, Inc

**RECEIVED**  
**JUN 30 2021**  
STATE OF ALASKA  
REGULATORY COMMISSION OF ALASKA

POWER COST EQUALIZATION

The following conditions apply to Power Cost Equalization (PCE) eligibility.

- Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
- Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community facility served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
- Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of PCE to be credited to the bills of all eligible customers rendered on or after the effective date set forth below is as follows:

NON-COMMUNITY FACILITY CUSTOMERS

<u>SCHEDULE</u>	<u>PCE AMOUNT</u>	
Residential	\$0.2789 kWh	I
Street and Yard Lighting*	\$0.2789 kWh	I

COMMUNITY FACILITY CUSTOMERS

Residential & Small Commercial	\$0.2789 kWh	I
Commercial over 1,000	\$0.2789 kWh	I
Standby Service	\$0.2789 kWh	I
Street and Yard Lighting	\$0.2789 kWh	I

Pursuant to U-21-019(2) Effective July 1, 2021

Issued By: Tanana Power Company, Inc  
By: Don Eller Title: President

RCA NO. 92 133rd Revised Sheet No. 80  
Canceling  
132nd Revised Sheet No. 80

TANANA POWER COMPANY, INC.



POWER COST EQUALIZATION

The following conditions apply to Power Cost Equalization (PCE) eligibility.

- Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
- Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community facility served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
- Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of PCE to be credited to the bills of all eligible customers rendered on or after the effective date set forth below is as follows:

NON-COMMUNITY FACILITY CUSTOMERS

<u>SCHEDULE</u>	<u>PCE AMOUNT</u>	
Residential	.3389kwh	I
Street and Yard Lighting*	.3389kwh	I

COMMUNITY FACILITY CUSTOMERS

Residential & Small Commercial	.3389kwh	I
Commercial over 1,000	.3389kwh	I
Standby Service	.3389kwh	I
Street and Yard Lighting	.3389kwh	I

Tariff Advice No. 173-92 Effective:

Issued by: Tanana Power Co., Inc.  
By: Don Eller Title: President

TA173-92  
Appendix 4  
Page 1 of 3

RCA No. 92 84th Revised Sheet No. 86  
 Canceling 83rd Revised Sheet No. 86

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**APR 29 2021**

STATE OF ALASKA  
 REGULATORY COMMISSION OF ALASKA

TANANA POWER COMPANY, INC.

COST OF POWER ADJUSTMENT DETERMINATION

1. Estimated costs for quarter beginning April 2021

Source	Estimated Quantity	Estimated Unit Cost	\$	Total
Diesel Fuel	<u>18,806</u>	<u>2.2245</u>	\$	<u>41,834</u>
Purchased power			\$	<u>0</u>
<b>TOTAL</b>			\$	<u>41,834</u>

2. Balance in Cost of Power Balance Account  
 as of : March 31, 2021 2,209

3. TOTAL ( 1 + 2 ) \$ 44,043

4. Estimated retail sales for quarter (kWh) 236,125

5. Projected cost of power ( 3 / 4 ) \$ 0.186526 kWh

6. Base cost of power \$ 0.105428 kWh

7. Cost of power adjustment amount \$ 0.0811 I

Tariff Advice No.: 172-92

Effective: **June 1, 2021**

Issued by: Tanana Power Co., Inc.

By: Don Eller Title: President

RCA No. 92 85th Revised Sheet No. 86  
 Canceling 84th Revised Sheet No. 86



TANANA POWER COMPANY, INC.

COST OF POWER ADJUSTMENT DETERMINATION

1. Estimated costs for quarter beginning July 1, 2021

Source	Estimated Quantity	Estimated Unit Cost	\$	Total
Diesel Fuel	<u>17,962</u>	<u>2.861</u>	\$	<u>51,389</u>
Purchased power			\$	<u>0</u>
<b>TOTAL</b>			\$	<u>51,389</u>

2. Balance in Cost of Power Balance Account  
 as of : June 30, 2021 7,210

3. TOTAL ( 1 + 2 ) \$ 58,599

4. Estimated retail sales for quarter (kWh) 234,540

5. Projected cost of power ( 3 / 4 ) \$ 0.249847 kWh

6. Base cost of power \$ 0.105428 kWh

7. Cost of power adjustment amount \$ 0.1444 I

Tariff Advice No.: 173-92

Effective:

Issued by: Tanana Power Co., Inc.

By: Don Eller Title: President

RCA NO. 92 23rd Revision Sheet No. 87  
Canceling  
22nd Revision Sheet No. 87

RECEIVED  
APR 15 2021

STATE OF ALASKA  
REGULATORY COMMISSION OF ALASKA

TANANA POWER COMPANY, INC.

#### SMALL FACILITY POWER PURCHASE RATE (SFPPR)

The rate at which the Utility will purchase non-firm power from qualifying facilities with a nameplate capacity of less than 100kW.

The SFPPR, expressed in cents-per-kilowatt-hour, is determined from the sum of fuel costs and variable operations and maintenance expenses and the energy portion of purchased power expense, using the same period employed to project costs and sales in the COPA methodology, divided by the number of kilowatt-hours sold for the same time period.

Fuel Costs	\$41,834
Variable O&M Expense	\$0
Energy Portion of Purchased Power, Exp	\$0
kWh Sold	236,125

The SFPPR Rate for the current period is:

$\frac{\$41,834}{236,125} + \$0 + \$0 = \$0.1772 \text{ per kWh}$  R

The SFPPR will be updated with the COPA.

Tariff Advice No.: 172-92 Effective: **June 1, 2021**

Issued by: \_\_\_\_\_ Tanana Power Co., Inc.

By: \_\_\_\_\_ Title: President  
Don Eller

RCA NO. 92 24th Revision Sheet No. 87  
Canceling  
23rd Revision Sheet No. 87



TANANA POWER COMPANY, INC.

#### SMALL FACILITY POWER PURCHASE RATE (SFPPR)

The rate at which the Utility will purchase non-firm power from qualifying facilities with a nameplate capacity of less than 100kW.

The SFPPR, expressed in cents-per-kilowatt-hour, is determined from the sum of fuel costs and variable operations and maintenance expenses and the energy portion of purchased power expense, using the same period employed to project costs and sales in the COPA methodology, divided by the number of kilowatt-hours sold for the same time period.

Fuel Costs	\$51,389
Variable O&M Expense	\$0
Energy Portion of Purchased Power, Exp	\$0
kWh Sold	234,540

The SFPPR Rate for the current period is:

$\frac{\$51,389}{234,540} + \$0 + \$0 = \$0.2191 \text{ per kWh}$  I

The SFPPR will be updated with the COPA.

Tariff Advice No.: 173-92 Effective: \_\_\_\_\_

Issued by: \_\_\_\_\_ Tanana Power Co., Inc.

By: \_\_\_\_\_ Title: President  
Don Eller